

MINUTES OF THE SPECIAL MEETING OF THE CITY COUNCIL

Wichita, Kansas, February 28, 2002
Thursday, 10:05 A.M.

The City Council met in workshop session with Mayor Knight in the Chair. Council Members Brewer, Fearey, Gale, Lambke, Martz, Pisciotte, present.

Chris Cherches, City Manager; Gary Rebenstorf, Director of Law; Pat Burnett, City Clerk; present.

Call to Order

Mayor Knight called the meeting to order at 10:05 a.m.

A special meeting was called to discuss:

AIRTRAN AIRWAYS CONSIDERATION OF PROPOSED CONTRACT WITH AIRTRAN AIRWAYS

Ray Trail

Director of Finance reviewed the Item.

Agenda Report No. 02-1126

Lower air fares in and out of Wichita has long been a preeminent community need. Over the years, citizen surveys have ranked lower air fares as the highest priority for the City and region. Air fares are excessively high for all forms of air travel, but most especially business travel. The City has undertaken a number of initiatives to introduce more competition in the air service market to reduce fares. Most recently, the community undertook to demonstrate the broad-base of support in the City, and regionally, through a FairFares Travel Bank wherein businesses pledged future ticket purchases as a marketing base to secure the services of one or more national low-fare air carriers.

The Travel Bank has reached a substantial critical mass of pledged ticket sales of \$4.7 million if a low-fare air carrier can be attracted to provide service to Atlanta and Chicago. Using the travel bank pledges, the City has been able to secure a two-year contract, subject to ratification by the City Council, with AirTran Airways for a total of ten (initial) daily flights:

- Three departure flights and three arrival flights daily to Atlanta.
- Two departure flights and two arrival flights daily to Chicago.
- Connecting flights via Atlanta/Chicago throughout the eastern half of the United States.

AirTran is a low-fare carrier and will price the Wichita service within their discount pricing structure. Expected fare savings to the traveling public are estimated at \$42.3 million annually. All service will be provided by AirTran's fleet of new Boeing 717 commercial jets.

In addition to the Travel Bank pledges, the City will agree to provide other supplemental incentives, if needed, during the term of the contract. These include:

- o Marketing funds of \$600,000 over the two years contract period.
- o A revenue guarantee to AirTran to underwrite any (monthly) losses capped at \$3 million in the first twelve months, and \$1.5 million in the second twelve months.

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Marketing costs will be paid through the Airport Fund. A financing plan to cover the revenue guarantee will involve a combination of funding through the City's Economic Development Fund (for economic incentives) and any balance from General Fund appropriated reserves.

Mayor Knight

Mayor Knight inquired if anyone wished to be heard and no one appeared.

Motion --

Pisciotte moved that the contract with AirTran Airways for direct daily Wichita flights to and from Atlanta and Chicago be approved, subject to any minor technical adjustments by the Director of Law; and the necessary signatures be authorized. Motion carried 7 to 0.

-- carried

Adjournment

The City Council meeting adjourned at 10:10 a.m.

Pat Burnett
City Clerk